

**INDIANA
PUBLIC EMPLOYEES' RETIREMENT FUND (PERF)**

**REQUEST FOR PROPOSALS
(RFP) 06-05
for
TRANSITION MANAGEMENT MANAGER**

RFP Release Date: June 2, 2006, 3:00 p.m., E.D.T.

Inquiry Due Date: June 16, 2006, 3:00 p.m., E.D.T.

Response Due Date: June 30, 2006, 3:00 p.m., E.D.T.

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SECTION ONE GENERAL INFORMATION

1.1 Introduction

The Indiana Public Employees' Retirement Fund ("PERF") is soliciting Proposals from all qualified companies interested in providing investment transition management services on an as- required basis. Through this RFP process, PERF intends to select one or more transition management managers, thereby creating a pre-approved transition manager pool. Selected managers would be under contract for a five-year term ("Contract Period") subject to the terms and conditions of an Optional-Use Contract. As the need for transition management services arises during the Contract Period, PERF will issue to the pre-approved managers a Service Request Letter describing a specific proposed transition management assignment. After reviewing the responses to the Service Request Letter, PERF will engage the selected manager(s) for performance of that specific assignment.

As described above, the result of this RFP process will be the awarding of Optional-Use Contracts with one or more firms to create the transition manager pool. Please note that Optional-Use Contracts do not include compensation or a guarantee of compensation. Compensation is available through award of a Contract for Services ("Contract").

The potential range of desired transition management services is broad, but the specific magnitude, frequency, and character of such transitions are unknown at the current time. PERF's transition management needs may include assistance in portfolio liquidation, asset allocation shifts, portfolio rebalancing, and other pertinent restructuring requirements of designated investment portfolios. PERF considers transition management to be a short-term asset management assignment of a fiduciary nature that requires prudence and investment discretion.

PERF is a non-profit, quasi-state agency of the state of Indiana that was created on July 1, 1945, with the passage of the Public Employees' Retirement Act. PERF's purpose is to provide retirement, disability, and survivor benefits to full-time employees of the state of Indiana and full-time employees of those political subdivisions that elect to participate in PERF. The total asset value of funds managed by of PERF as of April 30, 2006, was \$15.11 billion.

1.2 Definitions and Abbreviations

Following are explanations of terms and abbreviations appearing throughout this RFP. Other special terms may be used in the RFP, but they are defined where they appear, rather than in the following list.

- "Board" means the Board of Trustees of PERF.
- "IAC" means the Indiana Administrative Code.
- "IC" means the Indiana Code.
- "Optional-Use Contract" means a contract awarded to selected Respondents who, as members of the transition manager pool, will be eligible for compensation under a Contract for Services.
- "PERF" or "Fund" means the Indiana Public Employees' Retirement Fund.
- "Respondent Proposal" means an offer to provide transition management services on an as-needed basis.
- "Respondent" means an offeror who submits a Proposal.
- "Service Request Letter" means an offer to Vendor(s) seeking specific services for a specific transition

management project.

- “Services” means work to be performed as specified in this RFP.
- “Vendor” means any successful Respondent selected as one of the approved transition managers under contract to provide services on an as-needed basis.
- “Vendor Proposal” means any offer made in response to a Service Request Letter to provide services for a specific transition management assignment.

1.3 Issuer

PERF has issued this RFP in accordance with Indiana statutes governing PERF’s administration. The staff of PERF has prepared the content herein. One (1) copy of this RFP may be provided free of charge from PERF, or a copy may be obtained from PERF's website (www.in.gov/perf). A nominal fee will be charged for providing additional hard copies.

1.4 Due Date and Format For Proposals

All Proposals must be received at the address below no later than June 30, 2006, at 3:00 p.m., E.D.T. Each Respondent must submit one original copy of the Proposal (marked “Original”), one copy in CD ROM format, and four additional copies of the Proposal, including the transmittal letter and other related documentation as required in Sections 4.2 and 4.3 of this RFP. The Proposal must be addressed/delivered to:

Rebecca Cook
Procurement Officer
Indiana Public Employees' Retirement Fund
143 W. Market Street
Indianapolis, IN 46204

Any Proposal received after the due date will not be considered. Any late Proposals will be returned, unopened, to the Respondent, upon request received within thirty (30) days of the date on which the Proposal is filed with PERF.

1.5 Modification or Withdrawal of Offers

Responses to this RFP may be modified or withdrawn in writing or by fax notice received prior to the date specified for receipt of Respondent Proposals. The Respondent’s authorized representative may also withdraw the Respondent Proposal in person, providing his or her identity is made known and he or she signs a receipt for the Proposal. Respondent Proposals may not be withdrawn after the Proposal due date has passed.

Modification to or withdrawal of a Respondent Proposal received after the date specified for receipt of Proposals will not be considered. If it becomes necessary to revise any part of this RFP or if additional data is necessary for an exact interpretation of provisions of this RFP prior to the due date for Respondent Proposals, a supplement will be posted by PERF on its website (www.in.gov/perf). If such addenda issuance is necessary, PERF reserves the right to extend the due date of Respondent Proposals to accommodate such interpretations or additional data requirements.

1.6 Subcontracting

Although PERF anticipates that any Respondent submitting a Respondent Proposal will provide the major portion of the services requested, subcontracting by a Respondent is acceptable in performing the requirements of this RFP. However, the Respondent must obtain the approval of PERF before subcontracting any portion of the requirements of this RFP or services under the Contract. The Respondent is responsible for the performance of any obligations that may result from this RFP and shall not be relieved by the non-performance of any subcontractor. Any Respondent's Proposal must identify all subcontractors and outline the contractual relationship between the Respondent and each subcontractor. Either a copy of the executed subcontract or a letter of agreement over the official signature of the firms involved must accompany each Respondent Proposal.

Any subcontracts entered into by the Respondent must be in compliance with all state of Indiana statutes and be subject to the provisions thereof. For each portion of the proposed services to be provided by a subcontractor, the technical Respondent Proposal must include the identification of the functions to be provided by the subcontractor and the subcontractor's related qualifications and experience.

The combined qualifications and experience of the Respondent and any or all subcontractors will be considered in PERF's evaluation. The Respondent must furnish information to PERF as to the amount of the subcontract, the qualifications of the subcontractor for guaranteeing performance, and any other data that may be required by PERF. All subcontracts held by the Respondent must be made available upon request for inspection and examination by appropriate PERF officials and such relationships must meet with the approval of the PERF.

1.7 Confidential Information

Respondents are advised that materials contained in Proposals are subject to the Indiana Public Records Act, IC 5-14-3 et seq., and, after the contract award, may be viewed and copied by any member of the public, including news agencies and competitors. Respondents claiming a statutory exception to the Indiana Public Records Act must place all confidential documents (including the requisite number of copies) in a sealed envelope clearly marked "Confidential" and must indicate in the transmittal letter and on the outside of that envelope that confidential materials are included. The Respondent must also specify which statutory exception provision applies. PERF reserves the right to make determinations of confidentiality. If PERF does not agree that the information designated is confidential under one of the disclosure exceptions to the Indiana Public Records Act, it may either reject the Proposal or discuss its interpretation of the allowable exceptions with the Respondent. If agreement can be reached, the Proposal will be considered. If agreement cannot be reached, PERF will remove the Proposal from consideration for award and return the Proposal to the Respondent. PERF will not determine prices to be confidential information.

1.8 RFP Response Costs

PERF accepts no obligations for costs incurred by Respondents in anticipation of being awarded an Optional-Use Contract or Contract for Services.

1.9 Proposal Life

Proposals made in response to this RFP must remain open and in effect for a period of not less than 180 days after the due date for Proposals. Any Proposal accepted by PERF for the purpose of contract negotiations shall remain valid until superseded by a contract or until rejected by PERF.

1.10 Taxes

PERF is exempt from federal, state, and local taxes. PERF will not be responsible for any taxes levied on a Respondent or Vendor as a result of any contract resulting from this RFP.

1.11 Secretary Of State Registration

Before an out-of-state Respondent can do business with PERF, the Respondent must be registered with the Indiana Secretary of State. If an out-of-state Respondent does not have such registration at present, the Respondent should contact

Secretary of State of Indiana
Corporation Division
402 West Washington Street, E018
Indianapolis, IN 46204
(317) 232-6576

for the necessary application form. It is each Respondent's responsibility to register prior to the initiation of any contract discussions.

1.12 Discussion Format

PERF reserves the right to conduct discussions, either oral or written, with those Respondents determined by PERF to be reasonably viable to being selected for award. PERF also reserves the right to conduct clarifications to resolve minor issues.

1.13 Summary Of Milestones

The following is the expected timeline for this RFP.

<u>ACTIVITY</u>	<u>COMPLETION DATE</u>
RFP published/released	June 2, 2006
Respondent's inquiry period ends	June 16, 2006
Proposal submission date	June 30, 2006
Proposal evaluations	July 2006
Selection of Vendor(s)	July 2006
Notify selected Vendor(s)	July 2006
Optional-Use Contract execution	July 2006
Contract for Services execution	As needed

SECTION TWO PROPOSAL PROCEDURES

2.1 Contacts

Inquiries are not to be directed to any staff or Board member of PERF, except as outlined in Section 2.3. Such unauthorized communication(s) may disqualify Respondent from further consideration. The Fund reserves the right to discuss any part of any response for the purpose of clarification. Respondents will be given equal access to any communications with regard to the RFP that occur between the Fund and other Respondents.

2.2 Pre-Proposal Conference

It is the decision of PERF that no pre-Proposal conference is required for this RFP.

2.3 Inquiries About The RFP

All inquiries and requests for information regarding this RFP must be submitted in writing by e-mail to:

Rebecca Cook
Procurement Officer
rcook@perf.in.gov

no later than June 16, 2006, by 3:00 p.m. Eastern Daylight Time. PERF reserves the right to judge whether any questions should be answered in writing. Copies of such written responses will be distributed to all prospective Respondents who are known to have received a copy of the original RFP.

2.4 Respondent Site Visits

PERF may request a site visit to a Respondent's working support center to aid in the evaluation of the

Respondent's Proposal.

2.5 Contract Award

Based on the results of this process, the qualifying Proposal(s) determined to be the most advantageous to PERF, and taking into account all of the evaluation factors, may be selected by PERF. Selected Respondents will be offered inclusion in the approved transition manager pool through signature of an Optional-Use Contract. If, however, PERF decides that no Proposal is sufficiently advantageous to PERF, PERF may take whatever further action is deemed best in its sole discretion, including making no contract award. If, for any reason, a Proposal is selected and it is not possible to consummate a contract with the Respondent, PERF may begin contract preparation with the next qualified Respondent or determine that it does not wish to award a contract pursuant to this RFP. PERF reserves the right to reject any or all Proposals received, or to award, without discussions or clarifications, a contract on the basis of Proposals received. Therefore, each Proposal should contain the Respondent's best terms from a price and technical standpoint.

SECTION THREE LENGTH OF CONTRACT AND PRICING

3.1 Length Of Optional-Use Contract

The term of the Optional-Use Contract entered into under this RFP, also referred to as the Contract Period, shall be for a period of five (5) years, beginning on or about July 15, 2006 (or from date of final execution of the Optional-Use Contract), and ending on the last day of the 60th month of the Contract Period. There may be annual renewals at PERF's option.

3.2 Pricing

There is no set level of compensation attributable under this RFP or Optional-Use Contract. The compensation for transition services under a Contract for Services resulting under this RFP shall be subject to the fees set forth in the selected transition manager's Respondent Proposal and subsequent Vendor Proposal. The fee schedule provided in such Proposals will be the basis for establishing compensation for each Service Request Letter. It is recognized that each transition assignment will vary by the nature of the work required. However, once the Vendor for each transition project is selected, the fee may be further negotiated. The total compensation negotiated for a project assignment shall not exceed those fees set forth in the transition manager's Respondent Proposal or Vendor Proposal.

3.3 Fee Schedule

Please note that PERF may select multiple transition managers to comprise its pre-approved transition manager pool. Selected managers will assume the roles of fiduciary and investment manager, and will be under contract for a period of five years. PERF recognizes that the fees associated with an individual transition management assignment may vary based on the nature of the transition, its size, and complexity. Nonetheless, PERF requires that Respondents provide a specific fee schedule that may be utilized to determine which Respondent may be most cost effective for a particular transition assignment.

SECTION FOUR PROPOSAL PREPARATION INSTRUCTIONS

4.1 General

To facilitate the timely evaluation of Respondent Proposals, a standard format for Respondent Proposal submission has been developed and is documented in this section. All Respondents are required to format their Proposals in a manner consistent with the guidelines described below:

- Each item required under this Section Four must be addressed /included in the Respondent Proposal or such Proposal may be rejected.
- The Transmittal Letter should be in the form of a letter. The Business Proposal must be organized under the specific section titles as listed below.
- PERF may, at its option, allow all Respondents a five-calendar-day period to correct errors or omissions to their Respondent Proposals. Should this necessity arise, PERF will contact each Respondent affected. Each Respondent must submit written corrections to the Respondent Proposal within five calendar days of notification. The intent of this option is to allow Proposals with only minor errors or omissions to be corrected. Major errors or omissions, such as the failure to include prices, will not be considered by PERF as a minor error or omission and may result in disqualification of the Respondent Proposal from further evaluation.
- Submission of all completed Schedules and Exhibits.

A complete Respondent Proposal will include the following:

1. Hard copy submission of a Transmittal Letter (with the information described in Section 4.2);
2. Hard copy submission of a Business Proposal (with the information and attachments described in Section 4.3, including hard copy submission of all completed Exhibits attached hereto);
3. Original, four copies, and CD-ROM of entire Respondent Proposal as outlined in Section 1.4.

4.2 Transmittal Letter

The Transmittal Letter must address the following topics:

4.2.1 Identification

The transmittal letter must first identify the RFP.

4.2.2 Summary of Ability and Desire to Supply the Required Services

The transmittal letter must briefly summarize the Respondent's ability to supply the requested services. The letter must also contain a statement indicating the Respondent's willingness to provide the requested services subject to the terms and conditions set forth in the RFP including, but not limited to, PERF's standard Contract for Services provisions.

4.2.3 Signature of Authorized Representative

A person authorized to commit the Respondent to its representations must sign the transmittal letter. Respondent personnel signing the Transmittal Letter of the Respondent Proposal must be legally authorized by the organization to commit the organization contractually. This section must contain proof of such authority. A copy of corporate bylaws or a corporate resolution adopted by the board of directors indicating this authority will fulfill this requirement.

4.2.4 Other Information

Any other information the Respondent may wish to briefly summarize will be acceptable.

4.3 Business Proposal

The Business Proposal component of the Respondent Proposal must contain the following items:

4.3.1 Ability to perform services as provided in Exhibit A, Statement of Work

Respondent should detail and demonstrate its ability to meet the requirements set forth in Exhibit A, Statement of Work.

4.3.2 Completion of and signature (where necessary) on Exhibits B through E

4.3.3 Respondent Contract Requirements

Exhibit F is a sample base Contract that will be used if an award is made for specific as needed assignments. If the Respondent wishes to include or change any language in the sample Contract, proposed language should be included in this section, in the form of an amendment to the sample Contract.

4.3.4 References

The Respondent should include a list of at least three (3) clients for whom the Respondent has provided products and services that are the same or similar to those products and services requested in this RFP. Any state government or pension fund for which the Respondent has provided these products and services should be included. Clients with locations near Indianapolis should also be identified, as site visits may be arranged. Information provided should include the name, address, and telephone number of the client facility and the name, title, e-mail address, and phone/fax numbers of a person who may be contacted for further information.

4.3.5 Registration to do Business

Respondents proposing to provide services required by this RFP are required to be registered to do business within the state by the Indiana Secretary of State. The address contact information for this office may be found in Section 1.11 of this RFP. This process must be concluded prior to contract negotiations with PERF. It is the successful Respondent's responsibility to complete the required registration with the Secretary of State. The Respondent must indicate the status of registration, if applicable, in this section of the Respondent Proposal.

4.3.6 Subcontractors

The Respondent must list any subcontractors that Respondent proposes to use in providing the required services. The subcontractor's responsibilities under the Respondent Proposal, the subcontractor's form of organization, and an indication from the subcontractor of a willingness to carry out these responsibilities are to be included for each subcontractor. This assurance in no way relieves the Respondent of any responsibilities in responding to this RFP or in completing the commitments documented in the Proposal.

4.3.7 Financial Statements

This section must include the Respondent's financial statements, including an income statement and balance sheet for each of the two most recently completed fiscal years.

4.3.8 Minority Business Development

The contract goal is that at least five percent (5%) of state contracts be with minority and women business enterprises as defined in IC 4-13-16.5. This goal is established under in IC 4-13-16.5-2 (f) (7). It is the intent of the Fund to meet or exceed the 5% minority and women's business enterprise participation goal.

Participation does not need to be only through subcontractors, but can also be through second-tier participation with common suppliers (office supplies, courier services, accounting services, janitorial services, etc.). Include only the proportion of those contracts that pertain to the bid being submitted.

Are you a minority business enterprise vendor? YES _____ NO _____

If you are not a minority business enterprise vendor, is there any minority business enterprise participation in this project through subcontractors or suppliers? YES _____ NO _____

If yes, what percentage of the total amount is being accomplished by minority or women's business enterprises? _____%

SECTION FIVE PROPOSAL EVALUATION

5.1 Selection Criteria

The following general selection criteria, in addition to the mandatory minimum qualifications listed in Exhibit D, will be considered in awarding Optional-Use Contracts and/or Contracts for Services:

- Ability to provide transition services for a number of different mandates;
- Ability and technical capability to ensure best price and execution of different mandates;
- Ability to provide a pre-trade estimate of costs and tentative schedule of events;
- Consistent method for estimating pre-trade costs;
- Historical accuracy of pre-trade estimates;
- Ability to work with legacy and target investment managers;
- Ability to provide timely and useful client communications throughout process;
- Detailed and timely reporting of total explicit (management fees, commissions, and taxes) and implicit costs (aggregate result of timing, spreads, market impact, and currency exchange), as well as the ability to compare pre-trade estimates to actual trade results;
- No significant organizational changes with limited staff turnover, over the past 2 years;
- Consistent methodology to schedule, manage, and perform transition engagements;
- Broad transition experience, which may include internal trading, crossing transactions, agency trading, principal trading, use of derivatives, currency management, and maintenance of market exposure;
- Transition services model designed to minimize potential conflicts of interest;
- Rigorous methodology to manage and address conflict of interest issues;
- Demonstrated commitment to the transition business, as evidenced by a business strategy that involves continued development of systems and services;
- Demonstrated commitment to process-oriented methodology (e.g., to peer review and defined procedures versus ad hoc teams and/or processes that introduce risk);
- Maintains systems to ensure confidentiality of transactions;
- Experience with sizeable transitions for other public plans;
- Experience with numerous custodians and asset managers;
- Experienced and responsive client service, with one point of contact;
- Reasonable fees for services rendered;
- Financial capability and stability certification;
- Proof of liability insurance;
- Proof that Respondent is an equal opportunity employer;
- Proof of employee bond insurance;
- A list of customer references;
- A list of back-up equipment, facilities, procedures and policies, including a disaster recovery plan; and
- Name(s) and telephone number(s) of critical contact person(s).

5.2 Evaluation

PERF has selected a group of qualified personnel to act as an evaluation team. The procedure for evaluating the responses against the selection criteria will be as follows:

Respondent Proposals will be evaluated based upon the proven ability of the Respondent to satisfy the requirements in an efficient, cost-effective manner, taking into account quality of service with minimal tolerance for error. Successful Respondents will be able to satisfy all of the requirements set forth in

Subsection 5.1, all Exhibits attached hereto, and all other requirements that appear throughout this RFP. Based on the results of the evaluation, the Proposal(s) determined to be most advantageous to PERF, taking into account all of the evaluation factors, may be selected by PERF for further action. In addition, the evaluation team will consider other factors they believe to be material for this selection.

All Respondent Proposals will be reviewed by representatives of PERF. During the evaluation process, PERF reserves the right to contact references. It is possible that finalists will be interviewed by persons participating in the selection process.

PERF seeks to retain the highest quality organization to provide transition management services in an open, fair, and competitive process. Through the selection process, PERF reserves its sole discretion in awarding Optional-Use Contracts. PERF further reserves the right: (i) not to select any Respondent Proposal; (ii) to select any portion of a particular Respondent Proposal for further consideration; (iii) to accept a Respondent Proposal other than the lowest cost Respondent Proposal submitted; or (iv) to reject any and all proposals received if such action is considered by PERF in its sole discretion to be in the best interests of PERF.

EXHIBIT A

STATEMENT OF WORK

The scope of this assignment is to provide transition management services for PERF. PERF considers transition management as a short-term asset management assignment of a fiduciary nature that requires prudence and investment discretion.

Work will be assigned to a Vendor under that firm's Optional-Use Contract and Contract for Services in a manner consistent with the terms of both documents. The scope of each discrete assignment or project will depend upon the particular matter with which PERF requests transition assistance.

As projects arise, PERF will issue a Service Request Letter to Vendor(s) seeking services for a specific project. The Service Request Letter will clearly delineate the scope of the project, the project timeline, and required appearances, if any, before a PERF Committee and/or the Board. A Contract for Services to engage services will be awarded based on the Vendor's Proposal to the Service Request Letter, expertise and experience, availability, and cost.

Potential range of desired transition management services is broad but the specific magnitude, frequency and character of such transitions is unknown at the current time, therefore, services to be provided may include, but are not limited to, the following.

SERVICES TO BE PROVIDED

- 1) Transition management (portfolio liquidation) services from the legacy portfolio(s) to the target portfolio(s) due to fund manager reorganization (termination and funding), portfolio rebalancing, asset allocation shifts, and cash infusion/asset flow requirements. The transition and liquidation may encompass multiple asset classes and multiple managers across all capitalization range.
- 2) The transition manager shall act as a fiduciary investment manager and shall perform the transition with utmost care and prudence. PERF realizes that markets fluctuate and risks are inherent during the transition period. However, market forces do not absolve the transition manager from negligence and applying the highest level of care and prudence inherent in a fiduciary assignment.
- 3) Minimize tracking error, maintain asset class (benchmark) exposure and specified asset allocation target as appropriate for each assignment. During the transition period, the reservation of capital shall be taken into consideration through the expert use of all liquidity sources, trading, in-kind transfer of the legacy portfolios for the target portfolios, internal and external crossing networks, cash, futures, ETFs, and all the tools required to accomplish a smooth and cost-effective transition.
- 4) Before the transition, the transition manager shall provide PERF a written portfolio transition (liquidation) strategy, including the timeframe required, to achieve the desired objective of liquidating the legacy portfolio(s) and building (and/or funding) the target portfolio(s).
- 5) Daily reporting of all trade activity, via the Internet, from commencement of the liquidation to the completion and full funding of the target portfolios.
- 6) After the completion of the transition, the transition manager shall provide PERF with a report on the outcome and results of the transition. The report shall include relevant statistics (e.g., tracking error, implementation shortfall, costs, VWAPs.) and full trading/transaction reports in a format

defined prior to the assignment and accepted by PERF.

- 7) Coordination of the firm's trading activity with investment managers (both legacy and target portfolios) and the custodial bank.
- 8) The transition manager shall carry appropriate coverage for errors and omissions and professional liability insurance.

EXHIBIT B
FEE SCHEDULE

Please note that PERF may select multiple transition managers to comprise its pre-approved transition manager pool. These Vendors will assume the roles of fiduciary and investment manager, and will be under contract for a period of five years. PERF recognizes that the fees associated with an individual transition management assignment may vary based on the nature of the transition, its size, and complexity. Nonetheless, PERF requires that Vendors provide a specific fee schedule that may be utilized to determine which Vendor may be most cost effective for a particular transition assignment.

- A. What is your customary fee or rate for transition services within the context of what PERF is trying to implement and accomplish?
- B. Is the fee based on cents per share and as a percentage of market value? What factors do you use to calculate your rate-trading volume, frequency of trades, and trade difficulty?
- C. Is the fee negotiable? Would this include both equity (domestic and international) and fixed-income transactions?
- D. Please provide a specific fee schedule to be utilized during the contract period.
- E. In order to understand your fee structure, please describe how you would price different types of transitions. For the following scenarios, please provide appropriate fee calculations and identify all variables impacting your cost structure (e.g., including the use of crossing, derivatives instruments to manage tracking error and asset allocation, open market trades, foreign exchange execution). You are given all the latitude to set assumptions within the basic premise of each scenario listed below. Please be sure to describe each assumption utilized that might affect your fee illustration.

Scenario 1: Portfolio transition of five (5) active international managers to four (4) new active international managers. Assume a market value of \$1 billion.

Scenario 2: Portfolio transition of a Government/Credit bond portfolio to two (2) actively-managed Government/Credit bond portfolios. Assume a market value of \$500 million.

Scenario 3: Portfolio transition of two (2) commingled emerging markets portfolios to a passive developed markets international index portfolio. Assume a market value of \$1 billion.

- F. Please disclose any and all sources of compensation and/or cost reductions to your firm that reasonably could be anticipated as a result of receiving an Optional-Use Contract or Contract for Services.

EXHIBIT C
CERTIFICATIONS AND ASSURANCES

Respondent makes the following certifications and assurances as a required element of the Respondent Proposal to which this document is included, understanding that the truthfulness of the facts affirmed herein and the continuing compliance with these requirements are conditions precedent to the award and continuation of an Optional-Use Contract resulting from this RFP. Any exceptions to these Certifications and Assurances must be described in full detail on a separate page(s) and attached to this document. PERF reserves the right to determine if such exception is substantive and a basis for disqualification.

1) Independent Preparation and Cost Determination

- A. Prices and/or cost data have been arrived at independently, without consultation, communications, or agreement with any other Respondent or with any competitor for the purpose of restricting competition.
- B. Unless otherwise required by law, the prices and/or cost data submitted have not knowingly been disclosed by the Respondent and will not knowingly be disclosed by the Respondent(s), prior to award, directly or indirectly to any other Respondent or any competitor.
- C. No attempt has been made or will be made by the Respondent to induce any other person or firm to submit or not submit a proposal for the purpose of restricting competition.

Note: In order to ensure fair and equal competition between all Respondents, the development of Respondent Proposals with the assistance of organizations or individuals outside the Respondent's organization must be declared in the proposal and the name(s) of such organizations or individuals provided. Failure to acknowledge such assistance and to identify those providing it may result in the disqualification of the Proposal. No contingent fees for such assistance will be allowed to be paid under any Optional-Use Contract or Contract for Services resulting from the RFP. However, the Respondent may freely join with other persons or organizations for the purpose of presenting a single Respondent Proposal.

2) Price Warrant

The costs quoted for services in response to the RFP do not exceed those charged any other client for the same services.

3) Respondent Proposal Evaluation Period

The attached Respondent Proposal is a firm offer for a period of 180 days following receipt by PERF and may be accepted by PERF without further negotiation at any time within the 180-day period.

4) Contacting References

PERF is hereby granted permission to contact any references provided in response to the RFP.

5) Acceptance of Contract Terms

The Respondent, by submission of a response to this RFP, is willing to enter into an Optional-Use Contract with PERF, provided that successful negotiation of all terms and conditions are agreed upon.

The person signing below warrants that all of the foregoing certifications and assurances are true to the best of his knowledge after all reasonable efforts to obtain the truth.

Company: _____

Title: _____

Signature: _____

Date: _____

EXHIBIT D
MANDATORY MINIMUM QUALIFICATIONS COMPLIANCE CERTIFICATE

Unless otherwise specified, as of the Response Due Date, Respondents must satisfy all of the requirements outlined below and furnish appropriate documentation accordingly in order to be considered for an Optional-Use Contract award:

- A. Must have an equity capitalization in excess of \$50,000,000;
- B. Must be a Broker/Dealer registered with the Securities and Exchange Commission;
- C. Must have at least 10 dedicated global transition management professionals;
- D. Must have a minimum of 5 years experience in providing transition management services to Institutional Investors for multiple asset classes: Domestic Equities (all capitalization range), US and Non- US Fixed Income, International Equities and Emerging Markets, including Foreign Exchange;
- E. Must have completed a minimum of \$40 billion per year in transition activity over the last three years;
- F. Must have completed at least 100 Domestic Equity, 35 Domestic Fixed Income, and 35 International Equity & Fixed Income transitions over the last 5 years;
- G. Must have completed 25 transitions greater than \$750 million over the last five years;
- H. Must have the ability to trade on an agency basis;
- I. Must have the appropriate coverage for errors & omissions and professional liability insurance; and
- J. Must be willing to accept an Optional-Use Contract and, if requested by PERF, a Contract for Services. Must be willing to act as a fiduciary when performing transition management assignments.

It is understood that failure to sign and return this statement and accompanying documentation with the response to the RFP will render the Respondent Proposal invalid.

Company: _____ Signature: _____

Title: _____ Date: _____

EXHIBIT E
QUESTIONNAIRE

The following questionnaire must be completed and included with your Respondent Proposal. The questionnaire has been prepared to obtain responses relative to the Respondent's capability to provide all services required to successfully perform transition management services.

1) Respondent Information

- A. A general description of the firm, primary business, capital position and other description information.
- B. Date the firm began providing transition management (portfolio liquidation) services.
- C. Has your firm acted in a fiduciary capacity with discretionary authority performing transition management assignments for other clients?
- D. How is your firm structured to provide transition management and why this is beneficial to PERF? Please specify and discuss all that apply, including brokerage affiliate, stand alone agency, introducing broker, asset (index) management affiliate, custody affiliate, consulting affiliate, principal only.
- E. Is transition management performed on an agency or principal basis or both? Please describe.
- F. Is transition management separate and distinct from your program trading arm? Please explain.
- G. Do you subcontract the transition management to a third party? If so, please describe the extent of the relationship and contractual arrangement?
- H. Does the firm clear and execute through another firm(s) or in-house? If other firms are used, provide names.
- I. Is your organization a specialist in any specific asset class (i.e., Domestic Large Cap, Mid to Small Cap, Fixed-Income, International Equities)?
- J. Are there any asset classes or markets in which your firm cannot provide transition management services?
- K. Please provide names, brief profiles and biographies of individuals who are dedicated and responsible for transition management services, including trading, client servicing, and marketing.
- L. Do you have a risk and compliance team that monitors the transition process? Please describe your risk and compliance process.
- M. What electronic trading systems does your firm utilize? Do you have your own proprietary tools or systems that you utilize for transitions? Please describe.
- N. Describe the process that would be required to establish transition management with your firm. Are you able to contract with PERF as part of a pool of transition specialists, wherein actual assets to be transitioned (or liquidated) are unknown.
- O. Disclosure of any sanctions and/or discipline by the SEC, NASD, or other regulatory body within the last five years.
- P. Disclosure of any legal claims or arbitration hearings involving your firm within the last five years.
- Q. Please describe the levels (dollar amounts) of coverage of SEC required fidelity bonds, errors,

and omission coverage. Please describe any other insurance coverage your firm has to indemnify clients against losses.

- R. Have you ever made a client whole since the inception of your transition management program? Explain the reasons for such occurrence and what are the limits or extent of such indemnification or guarantees?

2) Client Base Information

- A. Total number of transitions your firm has performed over the last five years and the corresponding volume and market value.
- B. Total number of transition management mandates completed over the last three years ending April 30, 2006.
- C. Total number of transition management assignments completed on an asset class basis over the last five years ending April 30, 2006.
- D. Total number of public pension fund clients that you completed transition over the last five years ending April 30, 2006. Please specify name and actual portfolio mandates and corresponding market value of assets.
- E. Provide a minimum of three (3) public pension fund clients for references. Include name and phone number of primary contact.

3) Transition Management

- A. Please describe your firm's philosophy and the extent of your transition capabilities and distinct competitive advantages.
- B. How do you manage the risk factors and costs associated with transitions?
- C. For each asset class (i.e. Domestic Equities, Fixed Income and International), please describe how you manage the two following specific areas: financial risks (i.e., poor execution, implementation shortfall, timing, market impact, and asset allocation exposure), and operational risks (i.e., incorrect order execution, delivery failures and custody interface).
- D. What benchmarks do you prefer to measure the performance of any transition activity? Please enumerate and describe all appropriate benchmarks, including proprietary measurement hurdles.
- E. How does the firm monitor tracking error during the transition period and how is it minimized? Provide sample calculations, including optimization techniques and utilization of derivatives or the actual cash markets.

4) Reporting

- A. Can you provide PERF with a written portfolio transition (liquidation) strategy, including the timeframe required, to achieve the desired objective of liquidating the legacy portfolio(s) and building (and/or funding) the target portfolio(s)? If so, please provide a complete set of sample reports that you customarily provide clients.
- B. Are you able to provide on-line or Internet reporting (on a daily basis, real time) access to clients and/or managers to view activity during the transition period? Please describe.
- C. If on-line reporting via the Internet is available, can PERF "test drive" the application by using a temporary user ID and password? If this is not available, please provide a demo DVD or CD-ROM.
- D. How do you measure your effectiveness after the transition? Please describe and provide your

measurement methodologies accordingly for Pre, Actual and Post Transition Activity. Provide a complete set of sample reports.

- E. Has your reporting system (and actual reports) for transition services been subject to review by an independent party? If so, please describe and provide sample reports that such independent audit or analyses are in place.

EXHIBIT F
CONTRACT FOR SERVICES

This contract is between the Indiana Public Employees' Retirement Fund (hereinafter referred to as "PERF" or "Fund") and _____ (hereinafter referred to as "Contractor").

WHEREAS, the Fund desires to contract for services in the area of _____; and

WHEREAS, Contractor is willing to provide such services;

NOW, THEREFORE, the above-named parties enter into this contract upon the following terms and conditions:

1. Duties of Contractor

The Contractor shall provide the following services relative to this contract: See Attachment A, Scope of Services, incorporated by reference.

2. Consideration

The Contractor will be paid at the rate of: See Attachment B, Fees, incorporated by reference.

3. Term

The contract shall commence on _____ and shall terminate on _____. The contract may be renewed under the same terms and conditions by mutual agreement of the parties for up to _____ one-year terms.

4. Independent Contractor

Both parties hereto, in the performance of this contract, will be acting in an individual capacity and not as agents, employees, partners, joint venturers, or associates of one another. The employees or agents of one party shall not be deemed or construed to be the employees or agents of the other party for any purposes whatsoever. Neither party will assume any liability for any injury (including death) to any persons, or any damage to any property arising out of the acts or omissions of the agents, employees or subcontractors of the other party.

The Contractor shall be responsible for providing all necessary unemployment and worker's compensation insurance for the Contractor's employees.

5. Work Standards

The Contractor agrees to execute its responsibilities by following and applying at all times the highest professional and technical guidelines and standards. If the Fund becomes dissatisfied with the work product or the working relationship with those individuals assigned to work on this contract, the Fund may request in writing the replacement of any or all such individuals.

All services provided by the Contractor under this Contract must be performed to the Fund's reasonable satisfaction, as determined at the discretion of the undersigned PERF representative and in accordance with all applicable federal, state, local laws, ordinances, rules and regulations. PERF shall not

be required to pay for work found to be unsatisfactory, inconsistent with this Contract or performed in violation of and federal, state or local statute, ordinance, rule or regulation.

6. Confidentiality of Fund Information

The Contractor understands and agrees that data, materials, and information disclosed to Contractor contain confidential and protected data; therefore, the Contractor promises and assures that data, material, and information gathered, based upon, or disclosed to the Contractor for the purpose of this contract, will be treated as confidential and will not be disclosed to others or discussed with other parties without the prior written consent of the Fund.

7. Confidentiality of Data, Property Rights in Products, and Copyright Prohibition

The Contractor agrees that all information, data, findings, recommendations, proposals, etc., by whatever name described and by whatever form therein, secured, developed, written, or produced by the Contractor in furtherance of this contract shall be the property of the Fund, and the Contractor shall take such action as is necessary under law to preserve such property rights in and of the Fund while such property is within the control and/or custody of the Contractor. By this contract, the Contractor specifically waives and/or releases to the Fund any cognizable property right of the Contractor to copyright, license, patent, or otherwise use such information, data, findings, recommendations, proposals, etc.

8. Ownership of Documents and Materials

All documents, records, programs, data, film, tape, articles, memos, and other materials developed under this contract shall be considered "work for hire," and the Contractor transfers any ownership claim to the Fund and all such matters will be the property of the Fund. Use of these materials, other than related to contract performance by the Contractor, without the prior written consent of the Fund, is prohibited. During the performance of the services specified herein, the Contractor shall be responsible for any loss or damage to these materials developed for or supplied by the Fund and used to develop or assist in the services provided herein while they are in the possession of the Contractor, and any loss or damage thereto shall be restored at the Contractor's expense. Full, immediate, and unrestricted access to the work product of the Contractor during the term of this contract shall be available to the Fund.

9. Reports

The Contractor shall submit reports to the Fund upon request, but in no event less than as of each month end. The reports shall be written and in a form agreed to between the Fund and Contractor.

At Fund's request and at mutually agreed upon times, Contractor shall meet with the Fund to review Contractor's performance. Contractor shall be available to answer questions by Fund staff and Board members from time to time as needed without additional charge.

10. Audit Settlement

If an error is discovered as a result of an audit performed by Contractor or Fund, or if Contractor becomes aware of any error through any other means, Contractor shall use its best efforts to promptly correct such error or to cause the appropriate party to correct such error.

11. Access to Records

The Contractor and its subcontractors shall maintain all books, documents, papers, accounting records, and other evidence pertaining to the cost incurred, and shall make such materials available at their respective offices at all reasonable times during the contract period and for seven (7) years from the date of final payment under this contract for inspection by the Fund or by any other authorized representative of the Fund, and copies thereof shall be furnished at no cost to the Fund if requested.

Upon execution of this contract, Fund will provide Contractor with a list of Authorized Persons who will be permitted to advise, inform, and direct Contractor on Fund's behalf, together with signature specimens of certain Authorized Persons who may execute specific tasks under this contract. The list of Authorized Persons and any changes to such list shall be made in writing to Contractor and signed by Fund's Director or the Director's designee. Until notified of any such change, Contractor may rely on and act upon instructions and notices received from an Authorized Person identified on the then-current list furnished by Fund.

All Authorized Instructions shall be in writing and transmitted by first class mail, private express courier, facsimile, or other authenticated electronic transmissions; *provided, however*, that Contractor may, in its discretion, accept verbal Authorized Instructions subject to written confirmation of same from such Authorized Person. Such Authorized Instructions shall bind Contractor upon receipt. If Contractor receives instructions or notices from a source other than an Authorized Person, Contractor shall not comply with them and shall immediately notify Fund's Executive Director in writing of such unauthorized instructions or notices.

12. Assignment

The Contractor shall not assign or subcontract the whole or any part of this contract without the Fund's prior written consent, except that the Contractor may assign its right to receive payments to such third parties as the Contractor may desire without the prior written consent of the Fund, provided that Contractor gives written notice (including evidence of such assignment) to the Fund thirty (30) days in advance of any payment so assigned. Assignment shall cover all unpaid amounts under this contract and shall not be made to more than one party.

13. Successors and Assignees

The Contractor binds his successors, executors, administrators, and assignees to all covenants of this contract. Except as above set forth, the Contractor shall not assign, sublet, or transfer interest in this contract without the prior written consent of the Fund.

14. Key Person(s)

In the event that both parties have designated in an appendix that the individual(s) therein named are essential to the services offered pursuant to this contract, the parties agree that in the event that such individual or individuals are no longer employed during the term of this contract by the Contractor for whatever reason, the Fund shall have the right to terminate this contract, without penalty, upon thirty (30) days prior written notice.

In the event that the Contractor is an individual or a closely held corporation (as defined under Indiana law, *see, e.g., Barth v. Barth*, 659 N.E.2d 559, 561, fn.5, [and cited authority therein]), the individual or person on behalf of the corporation responsible for primary contact between the Contractor and the Fund at the commencement of this contract shall be considered a key person and, as such, essential to the

contract. Substitution of another for the Contractor shall not be permitted without express written permission from the Fund.

Nothing in this Section 14 should be construed to prevent the Contractor from using the services of others to perform tasks ancillary to those tasks which directly require the expertise of the key person. Examples of such ancillary tasks include secretarial, clerical, and common labor duties. The Contractor shall, at all times, remain responsible for the performance of all necessary tasks, whether performed by a key person or others.

15. Background Investigations

All employees of Contractor who require access to the Fund's building at 143 West Market, Indianapolis, Indiana, or the Fund's confidential information shall be subject to the following personal background investigations: (i) Indiana State Police criminal history background check; (ii) Federal Bureau of Investigation fingerprint check; and (iii) Indiana Department of Revenue tax liabilities check. The Fund shall, in its sole discretion, decide whether the results of such background checks are acceptable.

16. Changes in Work

In the event the Fund requires a major change in scope, character, or complexity of the work after the work has progressed, adjustments in compensation to the Contractor shall be determined by the Fund in the exercise of its honest and reasonable judgment, and the Contractor shall not commence any additional work or change the scope of work until authorized in writing by the Fund. No claim for additional compensation shall be made in the absence of a prior written approval executed by all signatories hereto.

17. Force Majeure; Suspension and Termination

In the event that either party is unable to perform any of its obligations under this contract or to enjoy any of its benefits because of (or if failure to perform the services is caused by) natural disaster, actions or decrees of governmental bodies, or communication line failure not the fault of the affected party (hereinafter referred to as a "Force Majeure Event"), the party who has been so affected shall immediately give notice to the other party and shall do everything possible to resume performance.

18. Nondiscrimination

Pursuant to IC 22-9-1-10 and the Civil Rights Act of 1964, Contractor and its subcontractors, if any, shall not discriminate against any employee or applicant for employment, to be employed in the performance of this contract, with respect to the hire, tenure, terms, conditions or privileges of employment or any matter directly or indirectly related to employment, because of his race, color, religion, sex, disability, national origin or ancestry. Breach of this covenant may be regarded as a material breach of contract. Acceptance of this contract also signifies compliance with applicable federal laws, regulations, and executive orders prohibiting discrimination in the provision of services based on race, color, national origin, age, sex, disability or status as a veteran.

19. Termination

Notwithstanding anything to the contrary, this contract may be terminated, in whole or in part, by the Fund or the Contractor, for any reason, by delivery of a Termination Notice at least thirty (30) days prior to the termination effective date, specifying the extent to which performance of services under such termination becomes effective. The Contractor shall be compensated for services rendered prior to the

effective date of termination. The Fund will not be liable for services performed after termination. The Contractor shall be compensated for services herein provided, but in no case shall total payment made to Contractor exceed the original contract price due on contract. In no event shall Fund's termination of the contract under this section be deemed a waiver of Fund's right to make a claim against Contractor for damages resulting from any default by Contractor which occurred prior to the termination effective date. Additionally, the Fund may terminate this contract immediately in the event that the Board, in its sole discretion, considers such action necessary to protect the Fund.

In the event of any termination of this contract, all terms and conditions herein shall continue to apply through the termination effective date and through any period following such date during which Contractor shall continue to perform the services required under this contract, in order to complete any transactions pending on the termination effective date and to facilitate an orderly transition to a successor Contractor ("Transition Period"). Such Transition Period shall not exceed thirty (30) days after the termination effective date. If Fund terminates this contract, and unless otherwise expressly directed by Fund, Contractor shall take all necessary steps to stop services under this contract on the termination effective date.

Upon any termination of this contract by Fund and to the extent directed by Fund, Contractor shall continue to serve as a Contractor hereunder at the then-existing compensation level for the duration of the Transition Period. After the additional services have been performed, and the Transition Period is completed, Contractor may seek compensation for the Transition Period at its then-existing compensation level. Contractor shall cooperate with Fund in good faith to effect a smooth and orderly transfer of such services and all applicable records by the termination effective date. Upon termination of this contract, Contractor shall retain all Fund records in accordance with the record retention provisions set forth in the Access to Records section of this contract.

20. Taxes

The Fund and state of Indiana are exempt from state, federal, and local taxes. The Fund will not be responsible for any taxes levied on the Contractor as a result of this contract.

21. Penalties/Interest/Attorney's Fees

The Fund will in good faith perform its required obligations hereunder and does not agree to pay any penalties, liquidated damages, interest, or attorney's fees, except as required by Indiana law.

22. Compliance with Laws

The Contractor agrees to comply with all applicable federal, state, and local laws, rules, regulations or ordinances, and all provisions required thereby to be included herein are hereby incorporated by reference. The enactment of any state or federal statute or the promulgation of regulations thereunder after execution of this contract shall be reviewed by the Fund and the Contractor to determine whether any provisions of this contract require formal amendment.

23. Governing Laws

This contract shall be construed in accordance with and governed by the laws of the state of Indiana and suit, if any, must be brought in the state of Indiana.

24. Indemnification

Contractor agrees to indemnify, defend, and hold harmless the Fund and the state of Indiana, their agents, officers, and employees from all claims and suits including court costs, attorney's fees, and other expenses arising from or related to any act of bad faith, negligence, intentional or willful misconduct, breach of fiduciary duty, or any other negligent act or omission of Contractor and/or its agents, if any, in the performance of this contract. The Fund shall not provide such indemnification to Contractor.

25. Insurance

Without limiting the indemnification obligations provided in this contract, for the duration of this contract, Contractor shall provide and maintain, at its own expense, the following insurance policies:

_____.

26. Substantial Performance

This contract shall be deemed to have been substantially performed only when fully performed according to its terms and conditions and any modification thereof.

27. Waiver of Rights

No right conferred on either party under this contract shall be deemed waived and no breach of this contract excused, unless such waiver or excuse shall be in writing and signed by the party claimed to have waived such right.

28. Payments

All payment obligations shall be made in arrears in accordance with Indiana law and the State's fiscal policies and procedures.

29. Disputes

Should any disputes arise with respect to this contract; the Contractor and the Fund agree to act immediately to resolve any such disputes. Time is of the essence in the resolution of disputes.

The Contractor agrees that, the existence of a dispute notwithstanding, it will continue without delay to carry out all its responsibilities under this contract which are not affected by the dispute. Should the Contractor fail to continue without delay to perform its responsibilities under this contract in the accomplishment of all non-disputed work, any additional costs incurred by the Contractor or the Fund as a result of such failure to proceed shall be borne by the Contractor, and the Contractor shall make no claim against the state of Indiana for such costs.

The Fund may withhold payments on disputed items pending resolution of the dispute. The unintentional nonpayment by the Fund to the Contractor of one or more invoices not in dispute in accordance with the terms of this contract will not be cause for Contractor to terminate this contract, and the Contractor may bring suit to collect without following the dispute procedure contained herein. This section shall not be construed to limit the right of either party to terminate the contract pursuant to the terms of the "Termination" section of the contract.

30. Changes

Contractor shall notify Fund in writing within three (3) business days of any of the following changes: (1) Contractor becomes aware that any of its representations, warranties, and covenants set forth herein cease to be materially true at any time during the term of this contract; (2) there is any material change in Contractor's senior personnel assigned to perform service under this contract; (3) there is any change in control of Contractor; (4) Contractor becomes aware of any other material change in its business management structure or its business organization, including without limitation the filing for bankruptcy relief.

31. Investigations and Complaints

To the extent permitted by applicable law, Contractor shall promptly advise Fund in writing of any extraordinary investigation, examination, complaint, disciplinary action or other proceeding relating to or affecting Contractor's ability to perform its duties under this contract which is commenced by any of the following: (1) any Attorney General or any regulatory agency of any state of the United States; (2) any U.S. Government department or agency; or (3) any governmental agency regulating business in any country in which Contractor is doing business. Except as otherwise required by law, Fund shall maintain the confidentiality of all such information until investigating entity makes the information public.

32. Notice to Parties

Whenever any notice, statement, or other communication shall be sent to the Fund or Contractor, it shall be sent to the following address, unless otherwise specifically advised.

Notices to the Fund shall be sent to:

David J. Adams
Executive Director
Public Employees' Retirement Fund
500 Harrison Building
143 West Market Street
Indianapolis, IN 46204

Notices to the Contractor shall be sent to:

Name
Title
Company
Address
City, State Zip Code

33. Authority to Bind

Notwithstanding anything in this contract to the contrary, the signatory for the Contractor represents that he/she has been duly authorized to execute agreements on its behalf.

34. Maintaining a Drug-Free Workplace

a. Contractor hereby covenants and agrees to make a good faith effort to provide and maintain during the term of this contract a drug-free workplace, and that it will give written notice to the Fund within ten (10) days after receiving actual notice that an employee of Contractor has been convicted of a criminal drug violation occurring in Contractor's workplace.

b. In addition to the provisions of subparagraph a. above, if the total contract amount set forth in this contract is in excess of \$25,000.00, Contractor hereby further agrees that this contract is expressly subject to the terms, conditions, and representations contained in the Drug-Free Workplace Certification executed by Contractor in conjunction with this contract.

c. It is further expressly agreed that the failure of Contractor to in good faith comply with the terms of subparagraph a. above, or falsifying or otherwise violating the terms of the certification referenced in subparagraph b. above, shall constitute a material breach of this contract, and shall entitle the Fund to impose sanctions against the Contractor including, but not limited to, suspension of contract payments, termination of this contract and/or debarment of the Contractor from doing further business with the Fund for up to three (3) years.

35. Drug-Free Workplace Certification

This certification is required by Executive Order No. 90-5, April 12, 1990, issued by the Governor of Indiana. Pursuant to its delegated authority, the Fund is requiring the inclusion of this certification in all contracts with and grants from the PERF in excess of \$25,000. No award of a contract shall be made, and no contract, purchase order or agreement, the total amount of which exceeds \$25,000, shall be valid unless and until this certification has been fully executed by the Contractor and made a part of the contract or agreement as part of the contract documents. False certification or violation of the certification may result in sanctions including, but not limited to, suspension of contract payments, termination of the contract or agreement and/or debarment of contracting opportunities with the Fund for up to three (3) years.

The Contractor certifies and agrees that it will provide a drug-free workplace by:

a. Publishing and providing to all of its employees a statement notifying employees that the unlawful manufacture, distribution, dispensing, possession or use of a controlled substance is prohibited in the Contractor's workplace and specifying the actions that will be taken against employees for violations of such prohibition;

b. Establishing a drug-free awareness program to inform employees that (1) the dangers of drug abuse in the workplace; (2) the Contractor's policy of maintaining a drug-free workplace; (3) any available drug counseling, rehabilitation, and employee assistance programs; and (4) the penalties that may be imposed upon an employee for drug abuse violations occurring in the workplace;

c. Notifying all employees in the statement required by subparagraph (a) above that as a condition of continued employment the employee will (1) abide by the terms of the statement; and (2) notify the employer of any criminal drug statute conviction for a violation occurring in the workplace no later than five (5) days after such conviction;

d. Notifying in writing the Fund within ten (10) days after receiving notice from an employee under subdivision (c)(2) above, or otherwise receiving actual notice of such conviction;

e. Within thirty (30) days after receiving notice under subdivision (c)(2) above of a conviction, imposing the following sanctions or remedial measures on any employee who is convicted of drug abuse violations occurring in the workplace: (1) take appropriate personnel action against the employee, up to and including termination; or (2) require such employee to satisfactorily participate in a drug abuse assistance or rehabilitation program approved for such purposes by a federal, state or local health, law enforcement, or other appropriate agency; and

f. Making a good faith effort to maintain a drug-free workplace through the implementation of subparagraphs (a) through (e) above.

36. Minority and Women's Business Enterprise Compliance

The Contractor agrees to comply fully with the provisions of the Contractor's MBE/WBE participation plans, and agrees to comply with all Minority and Women's Business Enterprise statutory and administrative code requirements and obligations, including IC 4-13-16.5 and 25 IAC 5.

The Contractor further agrees to cooperate fully with the Minority and Women's Business Enterprise division to facilitate the promotion, monitoring, and enforcement of the policies and goals of MBE/WBE program including any and all assessments, compliance reviews, and audits that may be required.

37. Ethics Requirement

The Contractor and its agents shall abide by all ethical requirements that apply to persons who have a business relationship with the State, as set forth in Indiana Code § 4-2-6 et seq., the regulations promulgated thereunder, and Executive Orders 04-08 and 05-12, dated April 27, 2004 and January 10, 2005, respectively. If the Contractor is not familiar with these ethical requirements, the Contractor should refer any questions to the Indiana State Ethics Commission, or visit the Indiana State Ethics Commission website at <<<<http://www.in.gov/ethics/>>>>. If the Contractor or its agents violate any applicable ethical standards, PERF may, in its sole discretion, terminate this contract immediately upon notice to the Contractor. In addition, the Contractor may be subject to penalties under Indiana Code § 4-2-6-12.

38. Non-Collusion and Acceptance

The undersigned attests under penalties of perjury that he is the contracting party, or that he is the representative, agent, member or officer of the contracting party, that he has not, nor has any other member, employee, representative, agent or officer of the firm, company, corporation or partnership represented by him, directly or indirectly, to the best of his knowledge, entered into or offered to enter into any combination, collusion or agreement to receive or pay, and that he has not received or paid, any sum of money or other consideration for the execution of this agreement other than that which appears upon the face of the agreement. The parties, having read and with full understanding of the foregoing terms of the contract, do by their respective signatures dated below hereby agree to the terms herein, including, if this contract is in excess of \$25,000, the Drug-Free Workplace Certification.

CONTRACTOR

By: _____
Printed Name: _____
Title: _____
Date: _____

Attested By: _____
Printed Name: _____
Title: _____
Date: _____

INDIANA PUBLIC EMPLOYEES' RETIREMENT FUND

David J. Adams, Executive Director

Date

ATTACHMENT A
SCOPE OF SERVICES

ATTACHMENT B

FEES

EXHIBIT G
INDIANA PUBLIC EMPLOYEES' RETIREMENT FUND
OPTIONAL-USE CONTRACT
For
TRANSITION MANAGEMENT MANAGER

This Optional-Use Contract is entered into between the Indiana Public Employees' Retirement Fund, whose offices are located at 143 West Market Street, Indianapolis, Indiana 46204 (hereinafter referred to as "Fund" or "PERF") and _____ Corporation, whose principal place of business is located at _____ (hereinafter referred to as "Contractor").

WHEREAS, the Fund desires to contract for as-required services in the area of investment portfolio transition management;

WHEREAS, Contractor is willing to provide such services;

NOW, THEREFORE, the above-named parties enter into this Contract upon the following terms and conditions:

1. Definitions

Unless the context clearly indicates otherwise, the following terms shall be defined in this Optional-Use Contract ("Contract") as set forth below:

- A. *"Contract for Services"* shall mean a document that will be executed between the Fund and the Contractor, acting as a Transition Manager, each time a specific Transition is assigned by the Fund to the Contractor. The Contract for Services shall describe the Transition and specify the performance objectives and compensation arrangements that will apply to such Transition.
- B. *"Contractor"* shall mean _____ Corporation, its employees, and all of its subcontractors and partnerships.
- C. *"Fund" or "PERF"* shall mean the Indiana Public Employees' Retirement Fund.
- D. *"Fund Account"* shall mean any portion of, or the total of, the assets to be transitioned by the Contractor.
- E. *"Guidelines"* shall include the Fund's transition management policies and procedures and other written instructions by which the Contractor and the Fund shall abide with respect to transition management activities.
- F. *"Service Request Letter"* shall mean a document issued by the Fund to Contractors within the transition manager pool, which solicits a proposal and bid for services on a specific Transition.
- G. *"Subcontractor"* shall mean one not in the employment of the Contractor, who is performing all or part of those services under this Contract under a separate contract with the Contractor. The terms "subcontractor" and "subcontractors" mean subcontractor(s) in any tier.
- H. *"Transition"* shall mean a specific transition as described in a Contract for Services assigned by the Fund to the Contractor as transition manager. A Transition involves the

restructuring of an existing portfolio of assets (a Legacy Portfolio or a Transition Account) into a new portfolio of desired assets (a Target Portfolio). The Contractor is responsible for undertaking the transition of the assets and for managing the investment risk associated with the Fund's investment direction and the transaction costs associated with the transition of assets from the existing portfolio to the Target Portfolio.

2. Order of Precedence

In the event of conflict between this Contract and related Transition documents, the order of precedence is as follows:

- 1) Applicable federal and state of Indiana Statutes and Regulations
- 2) Optional-Use Contract
- 3) Contract for Services
- 4) Transition Management Guidelines (Guidelines)

3. Scope of Services

- A. Contractor shall provide the services and deliverables set forth below in subsection 3.B. and as specified in the Transition Management Manager RFP and in conformance with Contractor's proposal to provide transition management services, dated February ___, 2004.
- B. The Contractor shall provide the Fund with services described in this Contract in accordance with the terms and conditions of this Contract, the applicable Contract for Services, Transition Guidelines, and specific directives or instructions issued by the Fund to Contractor.
- C. The Fund shall furnish Contractor such evidence of authority of the persons authorized to act on behalf of the Fund, together with their specimen signatures, as Contractor may reasonably request.
- D. All reports required under this Contract and the Transition Guidelines shall be prepared in writing and sent to: Chief Investment Officer, Public Employees' Retirement Fund, 143 West Market Street, Indianapolis, Indiana 46204. Unless otherwise agreed upon in advance, ad hoc and special reports requested by the Fund shall also be provided to the address immediately above. The Contractor shall use its best efforts to deliver such reports, but in no event will such reports be provided later than fourteen (14) business days after the date of request by the Fund.

4. Services to be Provided

The potential range of desired transition management services is broad and the specific magnitude, frequency, and character of such transitions are difficult to outline in advance. The Contractor will be asked to work on an individual transition basis, and may be asked to work on any of PERF's funds.

In any given Transition, the Contractor shall ensure that PERF has fully addressed all relevant issues pertaining to the Transition and has completed the due diligence required of a fiduciary. The scope of each required Transition will depend upon the particular issue or fund on which PERF requests transition services and shall be based on the needs of the various current and future PERF investment programs. A Transition may require and include, but not be limited to, the following:

- A. Transition management (portfolio liquidation) services from a Legacy Portfolio(s) or Transition Account to a Target Portfolio(s) due to fund manager reorganization, portfolio rebalancing, asset allocation shifts, and cash infusion/asset flow requirements. The

transition and liquidation may encompass multiple asset classes and multiple managers across all capitalization ranges.

- B. The Contractor shall act as a fiduciary investment manager and shall perform the Transition with utmost care and prudence. PERF realizes that markets fluctuate and risks are inherent during the transition period. However, market forces do not absolve the Transition Manager from negligence and applying the highest level of care and prudence inherent in a fiduciary assignment.
- C. Minimize tracking error, maintain asset class (benchmark) exposure, and maintain specified asset allocation target, as appropriate for each assignment. During the transition period, the preservation of capital shall be taken into consideration through the expert use of all liquidity sources, trading, in-kind transfer of the Legacy Portfolios for the Target Portfolios, internal and external crossing networks, cash, futures, ETFs, and all the tools required to accomplish a smooth and cost-effective transition.
- D. Before the Transition, the Contractor, acting as Transition Manager, shall provide PERF with a written portfolio transition (liquidation) strategy, including the timeframe required, to achieve the desired objective of liquidating the Legacy Portfolio(s) and building (and/or funding) the Target Portfolio(s).
- E. Daily reporting of all trade activity via electronic means (e.g., e-mail attachments, Internet, etc.), from commencement of the liquidation to the completion and full funding of the Target Portfolios.
- F. After completion of the Transition, the Contractor shall provide PERF with a report on the outcome and results of the Transition. The report shall include relevant statistics (e.g., tracking error, implementation shortfall, costs, volume weighted average price(s)) and full trading/transaction reports in a format defined and accepted by PERF prior to the assignment.

Prior to preparing a particular Transition assignment, PERF staff will clearly delineate the scope of the Transition, the transition timeline, and definite target dates, if any. A Service Request Letter describing the pending Transition will be forwarded to one or more Contractors in the transition services pool describing the Transition, its expected outcome, transition timeline with expected completion date, PERF contact information, and a response sheet for Contractors interested in the proposed Transition. Each Transition will be assigned to the firm possessing the subject expertise, availability, and satisfactory total project cost quote.

A particular assignment may require the Contractor to meet with PERF, its committees, and/or members of the PERF Board, as required on a periodic basis at a location and time specified by PERF, to review portfolios, investment process, organizational issues, performance, special projects or other relevant topics. All Transition assignments pursuant to this Contract shall be performed in accordance with the terms and conditions of this Contract and shall be documented in a Contract for Services, which sets forth the agreed-upon parameters and fees. At a minimum, the specific tasks, deliverables, schedules, and costs for such Transition shall be detailed in the Contract for Services, which shall be signed by both parties.

The terms and conditions of any Contract for Services cannot conflict with the terms and conditions of this Contract. In the event of any conflict, this Optional-Use Contract shall prevail. The Transition assignment as well as the Contract for Services memorializing it shall be subject to the terms and

conditions of this Contract. Execution of this Contract shall not be construed as a guarantee of a minimum level of transition assignments to be made to the Contractor.

5. Contract Manager

The Contract Manager for each of the parties shall be the contact person for all communications and billings with regard to this Contract. Each party shall promptly notify the other, in writing, of any change in its Contract Manager designation or in any change in its Contract Manager's contact information.

Contract Manager for _____ Corporation is:	Contract Manager for the Fund is:
Jim Smith _____ Corporation 123 Main Street Indianapolis, IN 46204 Phone: (111) 222-3333 Fax: (111) 222-3333 E-mail address:	Shawn Wischmeier Public Employees' Retirement Fund 143 West Market Indianapolis, Indiana 46204 Phone: (317) 234-3587 Fax: (317) 234-2245 E-mail address: swischmeier@perf.in.gov

6. Compensation

- A. *Transition Fees:* The Transition Manager will be compensated for each Transition based on the costs identified in the pre-trade analysis provided in response to each Service Request Letter and then incorporated in the Contract for Services.
- B. *Expenses.* All expenses that may be incurred by the Contractor are included in the transition fees. The Fund shall not be responsible for any additional costs or expenses incurred by the Contractor in the performance of work described in this Contract, including such items as travel, lodging, meals, and other miscellaneous expenses.
- C. *Withholding Payment Upon Termination:* The Fund may, in its sole discretion, terminate the Contract or withhold payments claimed by the Contractor for services rendered, if the Contractor fails to satisfactorily comply with any term or condition of this Contract.
- D. *Payment of Taxes:* Contractor shall pay all applicable taxes assessed on the compensation received under this Contract and shall identify and pay those taxes under Contractor's federal and state identification number(s).
- E. *Withholding of Payment:* The Fund reserves the right to offset against payments due the Contractor any delinquent reimbursement or payment due the Fund from the Contractor. For these purposes, a payment is delinquent if it is not paid within thirty (30) days of transmittal to the Contractor of an invoice setting forth the amount due.
- F. *Advance Payments Prohibited:* The Fund will make no payment in advance or in anticipation of services or supplies to be provided under this Contract.
- G. *No Minimum Level of Service and Non-exclusivity:* The Fund makes no guarantee of a specific level of services requested pursuant to this Contract. Additionally, the Fund makes no guarantee of the Contractor's exclusive right to provide the Fund with the types of services enumerated herein and reserves the right to utilize other contractors.

7. Term

This Contract shall be effective from the date of execution through August 1, 2011, unless terminated earlier under other provisions of this Contract. This Contract may be extended by written agreement for a period of up to six (6) months to accommodate the completion of Transitions assigned prior to contract expiration. Any renewal of this Contract by the Fund shall be upon the same terms and conditions as provided herein.

8. Liability Insurance

The Contractor shall provide proof of insurance coverage as set out in this section. The intent of the required insurance is to protect the Fund and the state of Indiana from any claims, suits, actions, costs, damages, or expenses arising from any negligent or intentional act or omission of the Contractor or subcontractor, or their agents, while performing under the terms of this Contract.

The Contractor shall provide proof of insurance coverage, and such insurance coverage shall be maintained in full force and effect during the term of this Contract, as follows:

- A. *Commercial General Liability Insurance Policy:* Commercial General Liability Insurance Policy, including contractual liability, in adequate quantity to protect against legal liability arising out of contract activity, but in no event less than \$2,000,000 per occurrence and \$4,000,000 general aggregate limit. Additionally, the Contractor is responsible for ensuring that any subcontractors obtain adequate insurance coverage for the activities arising out of subcontracts. All insurance shall cover liability arising out of premises, operations, independent contractors, personal injury, and liability assumed under a contract.
- B. *Professional Liability Insurance:* Such coverage shall cover loss resulting from the Contractor's rendering or failing to render professional services. The Contractor shall maintain this coverage with minimum limits of no less than \$25,000,000 per claim, as applicable. If this policy is a "claims made" policy, the Contractor shall purchase a "tail" which extends the coverage for at least one year from the expiration of this Contract. If defense costs are paid within the limit of liability, Contractor shall maintain limits of \$50,000,000 per incident, loss, or person, as applicable. If the policy contains a general aggregate or policy limit, then it shall be at least two times the incident, loss, or person limit.
- C. *Financial Institutions Blanket Fidelity Bond:* Provide a fidelity bond(s) or insurance policy(ies), in adequate quantity to protect against legal liability arising out of Contract activity, but no less than \$100,000,000 per occurrence and an aggregate limit, if any, of not less than \$150,000,000, for the following circumstances:
 - 1) Fidelity Loss. Loss resulting directly from dishonest or fraudulent acts committed by an employee of the Contractor acting alone or in collusion with others.
 - 2) Physical Loss. Loss by reason of the physical loss of, or damage to, or unexplained disappearance of PERF funds, assets or other property under the control of Contractor within any premises, wherever located, or while in transit.
 - 3) Forged Instruments. Loss by reason of forgery or alteration of negotiable instruments, certificates of deposit, or letters of credit.
 - 4) Computer Manipulation. Loss by reason of a dishonest or fraudulent act or computer manipulation which was committed by any employee of the Contractor.
- D. The insurance coverage required shall be issued by an insurance company or companies authorized to do business within the state of Indiana, and shall name the state of Indiana and its agents and employees, as well as the Fund and its agents and employees as additional insureds, where appropriate. All policies shall be primary to any other valid and collectable insurance. Contractor shall instruct the insurers to give the Fund thirty (30) days advance notice of any insurance cancellation.
Contractor shall submit to the Fund fifteen (15) days prior to the Contract's effective date certificates of insurance which outline the coverage and limits defined in this section and

demonstrates that such limits and coverage have been met or exceeded. Certificates of insurance which are accepted by the Fund shall be incorporated as part of this Contract. Contractor shall submit renewal certificates as appropriate during the term of the Contract or as requested by the Fund. The Contractor shall promptly give the Fund notice of the cancellation of any policy for which a certificate of insurance or renewal certificate has been submitted to the Fund. Such notice of cancellation shall be as far in advance of such cancellation as possible.

By requiring insurance coverage, the Fund does not represent that coverage and limits will be adequate to protect the Contractor or the Fund, and such coverage and limits shall not limit Contractor's liability under this Contract.

Failure of the Contractor to obtain and maintain the required insurance is a material breach of this Contract, which may result in termination of this Contract for cause, at the Fund's option.

9. Severability

The provisions of this Contract are intended to be severable. If any provision of this Contract or any provision of any document incorporated by reference shall be held invalid, such invalidity shall not affect the other provisions of this Contract, which can be given effect without the invalid provisions. The provisions of this Contract are declared to be severable if such remainder conforms to the requirements of applicable law and the fundamental purpose of this Contract.

10. Assurances

The Fund and the Contractor agree that all activity pursuant to this Contract will be in accordance with all the applicable current federal, state, and local laws, rules, and regulations.

11. Approval

This Contract shall be subject to the written approval of the Fund's authorized representative and shall not be binding until so approved. The Contract may be altered, amended, or waived only by a written amendment executed by both parties.

By signing below, the parties acknowledge that they have read, fully understand, and agree to the terms of this Contract.

CONTRACTOR

By:_____	Attested By:_____
Printed Name:_____	Printed Name:_____
Title:_____	Title:_____
Date:_____	Date:_____

INDIANA PUBLIC EMPLOYEES' RETIREMENT FUND

_____ David Adams, Executive Director	_____ Date
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